

MERCHANTS BANK RECEIVER SUES FOR \$800,000

SALT LAKE, Dec. 11.—Having for its general object a sweeping civil probe of the affairs of the defunct Merchants bank, particularly for the past five years, and its specific object the collection of a sum aggregating \$800,000 from officers and directors of the institution, a suit in equity was filed yesterday afternoon in the Third district court by Stephen H. Lynch, as the receiver of the corporation.

Failure to neglect to perform their duty to the bank and its creditors, stockholders and depositors; negligence in giving proper time and attention to its affairs and management; permitting the funds and property to be lost, misused, misapplied and dissipated; the violation and abuse of trust, confidence and responsibility as officers and directors; trafficking in accounts of the bank and its creditors; the violation of the rules and principles of banking and the existing banking laws of the state, are among the charges which the receiver brings.

A section of the complaint also sets forth the method by which Jesse D. Jewkes, former state treasurer, and a number of "preferred creditors" were enabled to withdraw in full amounts on deposit in the bank in the early portion of 1914.

The "actors and participants" in and those responsible for the condition complained of who are named as defendants include two former presidents of the institution, Harry P. Clark and John Pingree, and a list of the officers and directors under both administrations.

Seeks Civil Relief.

The suit of the receiver covers a history of the transactions of the bank dating from prior to the month of January, 1904, when Harry P. Clark was the president, and comes down to the condition as he asserts he found it upon taking possession of the affairs on July 9, 1918. A criminal investigation of the bank is now under way by a grand jury of the Third district court, which has been at work on those aspects of the case for several weeks.

The receiver asserts that the depositors of the bank will lose \$800,000, or about 60 per cent, unless civil relief is obtained, and he asks that an account be ordered so that the loss may be prorated among the defendants in accordance of whatever amount of responsibility each may have had for the alleged negligence, carelessness and misconduct. The suit was prepared and filed by Cheney, Jensen and Holman as attorneys for Mr. Lynch.

Directors Arraigned.

In the course of the complaint, specific instances of alleged abuses are cited by the receiver. It is charged in one instance that the officers and directors of the institution in January and February, 1914, knew that the affairs of the bank had been so negligent and wrongfully conducted that it was in an unsound and unsafe condition; that under the guise of a reorganization an assessment of 50 per cent was levied on the stockholders, but that nothing was done to safeguard the interests of those stockholders and the depositors; that assets were carried on the books as "valuations which they knew, or should have known, were excessive," and that at the time of this reorganization the directors "devised and entered into agreements and arrangements for the benefit and protection" of a number of corporations and individuals.

"Preferred Creditors"

These so-called preferred creditors are listed in the complaint to include the Deseret National bank, Walker Brothers Bankers, McCormick & Co., bankers, Continental National bank, National City bank, Farmers and Stockgrowers' bank, Utah State National bank, National Bank of the Republic, Utah Savings & Trust company, National Copper bank, the First National bank of Ogden, Jesse D. Jewkes, the then treasurer of the state of Utah; S. A. Whitney, Rodney T. Badger and Hyrum Pingree (deceased), as trustees for individual signers of the state treasurer's bond; W. S. McCormick, N. W. Clayton, M. S. Browning, R. B. Porter, A. T. Wright, John Spiers, Charles S. Burton, R. T. Badger, John F. Bennett, Charles B. Stewart, James G. McAllister, N. T.

Porter, George T. Odell, Chief of Police J. Parley White, John Stringham, E. D. Hashimoto, S. A. Whitney, L. B. McCormick and O. C. Beebe.

Loans Bad, Charge
Another charge set forth in detail in the complaint asserts that the directors "negligently failed and omitted to cause true and proper reports of the conditions of the bank to be made and filed with the state bank commissioner." The receiver also complains that the directors "knowingly and negligently authorized and permitted the withdrawal in the form of dividends of the capital stock and assets," when there were no profits from which such dividends could be legally paid. It is asserted that John Pingree and George E. Ford, who were in charge of the bank at the time of the failure, were not under any bond for the faithful performance of their duties; that they either failed to hold or attend directors' meetings; that Pingree and Ford individually passed on loans and did not have a proper committee to do so as provided by law.

Accounts Overdrawn
Sundry persons and corporations are given in the complaint who are said to have been permitted to overdraw their accounts without providing proper security, these overdrafts existing at the time the bank was closed by the state bank commissioner. The persons and corporations named in this connection include James B. Allen, William Allsworth, Howard Averill, Joseph B. Crosby, Dayton Placer Recovery corporation, J. W. Duffin, H. N. Garff, Mrs. W. Albert Hicks, J. H. Johnson, trustee; Kenyon Cafe company, Winnifred Kerr, W. A. Larkins, L. S. Marsh, David L. McDonald, Mrs. A. W. McLaughlin, Frances Merrill, Morgan Cafe, Mattie L. Nebeker, H. W. Nicol, Parrott Bros. company, John W. Shurtliff, A. D. Smith, E. C. Smith, Mrs. C. E. Spader, J. H. Stallings, John H. Stampolis, Mildred Steelman, F. A. Strain, George W. Walker, H. W. Walker, R. W. Wanlance and E. D. White.

Says Risks Unsafe

Another section of the complaint charges that the directors and officers "allowed money to be loaned to persons and corporations who were not safe risks, without any or adequate proper security, or security in proper form." This list of individuals and companies as listed in the complaint and said by the attorneys in the case to comprise loans outstanding at the time of the failure, include A. S. Brown, J. H. Horr, Frank A. Hammer, C. E. King, Esther E. and Ida A. Lawton, R. W. Little, Thomas McClatchey, D. C. McIntyre, W. H. March, John W. Shurtliff, Smith & Sons, W. H. Stout, Franklin E. Smith, Carlo Van Puello, Universal Metallic Tie company, G. B. Caulfield, Chaplain Drug company, Edward J. Margretts, L. S. Moore, Newman Sheet Metal works, J. A. Quealy, W. E. and J. K. Boruff, E. J. Broberg, Quincy Land & Lease company, R. C. Bogwood, Caroline Seymour, L. A. Skeen, Cortez farm, Fred G. Heath, Sarah Kahn, Wellington Town, T. E. Wood, James L. Chesbro, Utah Concrete Pipe company, R. B. Garff and the Silk shop.

It is charged that the directors "negligently permitted increased loans and an undue amount of money to be loaned to persons and corporations already indebted to the bank and to persons and corporations who were in an unsafe financial condition." This list is given to include the Butte-Salt Lake Investment company, the Kenyon Hotel company, Utah Packing & Provision company, David Mattson, Wasatch Woolen mills, Rose Pickle and Vinegar company, Sullivan Plaster Block company, N. P. Hansen, Bert L. Smith and the Taylor-Richards company.

RAILROAD TRAFFIC IN THIS REGION

Loading of livestock, grain and coal in this territory is showing a marked improvement in railroad service over last year, according to the report of Regional Director Hale Holden to District General McAdoo, made public here by William Sproule, district director.

Cars of livestock loaded showed an increase of 7.2 per cent; coal 15.5 per cent and grain cars loaded 15.9 per cent.

Special arrangements for handling the fruit traffic from California and Colorado also proved successful. During the month of October there were operated from California 116 fruit

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AUTHORITY QUESTIONED



Kolchak, a former admiral in the Russian navy, was proclaimed dictator of Russia at Omsk recently, but the All-Russia government refused to recognize him as such, and Kolchak ordered imprisonment of the leading members of its directory. The Czechs recognize the ability of Kolchak, but do not approve of the manner in which the All-Russia government was deposed.

Specials, with 4545 cars to the Missouri river and Chicago with an average of 29 cars per train. All fruit specials were operated on conservative schedules with dead freight.

A full car supply for oil traffic was maintained at all times. There operated out of the Mid-Continent fields a total of 586 trains, with 15,973 cars, an average of 27 cars per train, of which the Santa Fe road handled 94 trains, with 2,849 cars, an average of 30 cars per train.

The outlook for the winter fuel supply is better than it has been since the fall of 1915. The country is stocked up to a greater extent than ever known before. The car supply in October was better than it has been during any sustained period since July, 1916, and the mines are producing more coal than ever before in their history.

All things considered, the report says, the railroad administration can, in respect of fuel supply, view this region with serenity, confident that there will be no lack of fuel through any failure of the transportation system.

ROUTING FREIGHT AT OGDEN GATEWAY

During the month of October the Sailing Day plan was inaugurated at thirty-three additional stations in this region which, combined show a weekly saving of 527 cars making a total car saving at points within the central western region on account of sailing day, 4,251 cars per week.

"The good effects of the Sailing Day plan are being felt at terminals generally," says Regional Director Hale Holden, "and I feel that as soon as the plan can be universally adopted there will be a marked increase throughout the country in the car efficiency and improvement in the movement of L. C. L. freight."

With regard to routing, Mr. Holden reported a saving of 7507 cars for the month of October of 1,310,588 miles, an average of 175 miles per day. A large volume of eastbound traffic from southern California, heretofore moving over Southern Pacific to Ogden, has been diverted over the Los Angeles and Salt Lake and reverse movement for southern California destinations, formerly moving over Southern Pacific and Western Pacific, has been routed over the Los Angeles and Salt Lake at Ogden, Salt Lake and Provo connections. Pairing of tracks of Denver & Rio Grande and Santa Fe between Denver and Pueblo was made effective October 1st. Arrangements for pairing of Western Pacific and Southern Pacific tracks between Winnemucca and Wells were concluded during the month of October and joint operation began November 3rd. Agreement was entered into for consolidation in the vicinity of Salt Lake, Provo and Ogden which will effect a yearly saving of \$340,000.00.

New Time Table—W. M. Johnson, chief dispatcher of the Southern Pacific at Ogden, left today for San Francisco, for the purpose of working out figures for a new time table for that road.

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LANGFORD WENT BACK TO SALT LAKE

H. A. Langford, who got into Ogden yesterday morning by outwitting special officers Wheeler and Nelson when they demanded that he and his companions in the automobile show their certificates of health, evidently changed his mind and returned to Salt Lake and procured the necessary documents and entered the city in safety last night. Meanwhile Detective Jensen had sworn out a warrant for his arrest which was not acted upon as the requirements of the law had evidently been fulfilled.

ANNUAL MEETING OF THE CANNERS

At a meeting of the Utah Canners association held yesterday definite decision was made that the annual convention would be held January 10, 1919.

An interesting program of discussions relating to the business problems which affect the canners, the farmers, the wholesale houses and the retailers and consumers is being arranged, says President A. J. Hall.

HOSPITAL VISITOR AT FORT SHERIDAN

Mrs. A. W. Chez, the sister-in-law of Joseph Chez, a well known attorney of Ogden, was recently elected official hospital visitor for the Fort Sheridan Reclamation hospital, at a meeting of the executive committee of the National Christian Temperance Union at Evanston, Ill.

The duties of Mrs. Chez at the Reclamation hospital will consist mainly of entertaining men, writing letters, reading and making them comfortable in general. The W. C. T. U. will enable her to supply the hospital with jellies, fruit, candies, cakes, etc.

Mrs. Chez, who has just returned from Russia, where she has been with her husband who is engaged in Y. M. C. A. work is known by many in Ogden, having visited here some time ago.

SUCCESSFUL FARM BUREAU OF BOX ELDER

Box Elder county has been very successful in all projects which she has undertaken, including the standardization of livestock, selection of seed, and fertility of soil, according to a statement made by J. F. Burton, president of the Box Elder Farm bureau, while conferring here with W. B. Thomas of the Weber county Farm Bureau and D. D. McKay, president of the state farm bureau.

Mr. Burton was commended by President McKay for the wonderful activity of the Box Elder country bureau.

P. F. HARDING IN FREIGHT BUREAU

P. F. Harding, chief clerk of the traffic office of the Utah-Idaho Central railroad, has departed for Portland, Ore., to take up his duties there as representative of the Oregon Short Line on the northwestern freight bureau committee.

Mr. Harding came to Ogden about two years ago from Salt Lake City where he had been employed in the general offices of the Oregon Short Line.

LIVESTOCK SALE FOR THE RED CROSS

A livestock sale, for the benefit of the American Red Cross will be held in the North Salt Lake stockyards, during the first week in April, and over 1500 head of choice stock will be placed on sale at this time.

Five members from each county of the state are to be placed on a committee of arrangements, and the amount received from the sales of the stock is to be apportioned among the Red Cross chapters. It is expected that approximately \$100,000 will be collected at this time.

AFTER-THU-WAR WORK
LONDON, Nov. 30.—Hundreds of girls employed at the ministry of food registration clearing house are receiving instruction during working hours for after-war commercial careers. The London county council has taken charge of their education and each girl is given 1 1/4 hours every day except Saturday for instruction and study.

Classes are held three times a day. The girls are from 14 to 18 years old. There are classes in bookkeeping, French and shorthand, and the girls are also given the choice of recreation classes in elocution and singing.

HELPS TO REDUCE INSECTICIDE PRICES
Chemical advice has been given by the United States Department of agriculture to the food administration and much valuable data has been supplied to it relative to manufacturers engaged in making certain types of insecticides and the importance or nonimportance of various insecticidal materials. A representative of the Insecticide and Fungicide board has attended several conferences between the food administration and manufacturers and has been able to supply

Today

One Hundred Trimmed Hats, values to \$18. Go on sale

\$3.98

The December Clearance Sale of Millinery takes a fresh start today with the addition of One Hundred smart hats in values to \$18, which are to be closed out at the remarkably small price of \$3.98.

In this assortment will be hats for every occasion. Small and large hats. Hats that have been in the department but a few days. Styles for right now and all season. There will be all colors — all smartly trimmed. One hundred hats in all on sale today and all this week at \$3.98.

of value. As a result of the activities of the food administration, assisted by the department, the price of arsenic asked by the producer has been reduced from 12 to 16 cents to 9 cents for carload lots and 9 1/2 cents for shipments less than a carload. This presumably will lead to a reduction in the price of Paris green, lead arsenate, and other arsenical insecticides to the consumer.

BOYS ARE ALLEGED TO HAVE ENTERED A JEWELRY STORE

Earl Spann, a young boy of 18, whose parents resided at the rear of the Sorenson Jewelry store and had right of access to the street through the store conferred on them for their own convenience by Mr. Sorenson, had returned together with another boy from California, where his people had gone for a vacation. Left in the house alone and being hard up, the young men thought they might enrich themselves by taking property belonging to Mr. Sorenson which they did on Sunday night, December 2. They avoided themselves of the day to enrich themselves by about \$150 of jewelry. The younger boy, who is sixteen years of age and whose home is

on the Pacific coast, will appear before Judge Homer in juvenile court.

Spann was arraigned before Judge Roberts this morning for preliminary hearing and bound over to appear in district court.

According to Sergeant A. B. Jensen, who has been busy piling up the evidence which led to arrest and trial, Spann has been a source of trouble to his people for a considerable time and on one occasion attempted to steal a valuable automobile, the property of an Ogden resident.

WARNING BY JEWS.
AMSTERDAM, Dec. 11.—The Jewish correspondence bureau at The Hague has issued a warning against the Turkish grand rabbi, Haim Nahum and his deputy, Nissim Nazliab, who have arrived at The Hague from Constantinople on their way to America and Paris, with the intention, the bureau says, of creating a sentiment favorable to Turkey, particularly in America, and of playing off the interests of the entente powers in the east, one against another.

"Haim," the bureau says, "is an opponent to Jewish national and Zionist aspirations. The Jewish people views its liberation from the Turkish yoke and a British protectorate as the only way to attain an independent Jewish state."

ROOSEVELT HONORED.
TOKIO, Dec. 11.—Former President Roosevelt has been elected an honorary member of the Japanese Red Cross and, with the special approval of the emperor, will receive a Red Cross decoration.

CHARGES WITHDRAWN IN THE SMITH CASE

District Attorney S. P. Dobbs explained to Judge Roberts that the statutory charge which had been preferred against Le Roy Lowe and Marian Smith, arrested in the Angelus rooming house a week ago by Deputies Brown and Blackburn had to be withdrawn owing to a weakness in the evidence.

The other charge against them of being in possession of intoxicating liquors stood.

Attorney C. R. Hollingsworth, appearing for the defendants, said that Mrs. Smith was ill of influenza, that he had decided to plead guilty in the behalf of both defendants.

Judge Roberts ordered a sentence in terms of \$100 each or sixty days in the county jail.

COTTON PRODUCTION.
WASHINGTON, Dec. 11.—The total production of cotton in the United States for the season of 1918-19, will amount to 5,595,529,000 pounds, not including linters and equivalent to 11,700,000 bales of 500 pounds gross weight, the department of agriculture today announced in its final report of the season.

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Note the toe. It draws in and drops to just the tapering point the fellows pick out whose shoe taste you admire.

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